

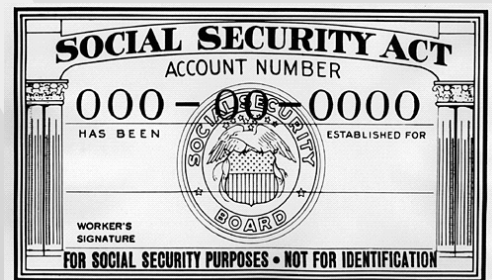
# ***Careless Words: How the Misleading Debate Over Social Security Will Bring Us Ham and Eggs in the 21st Century***

***Daniel J.B. Mitchell***

***Ho-su Wu Professor***

***Anderson Graduate School  
of Management***

***School of Public Affairs***



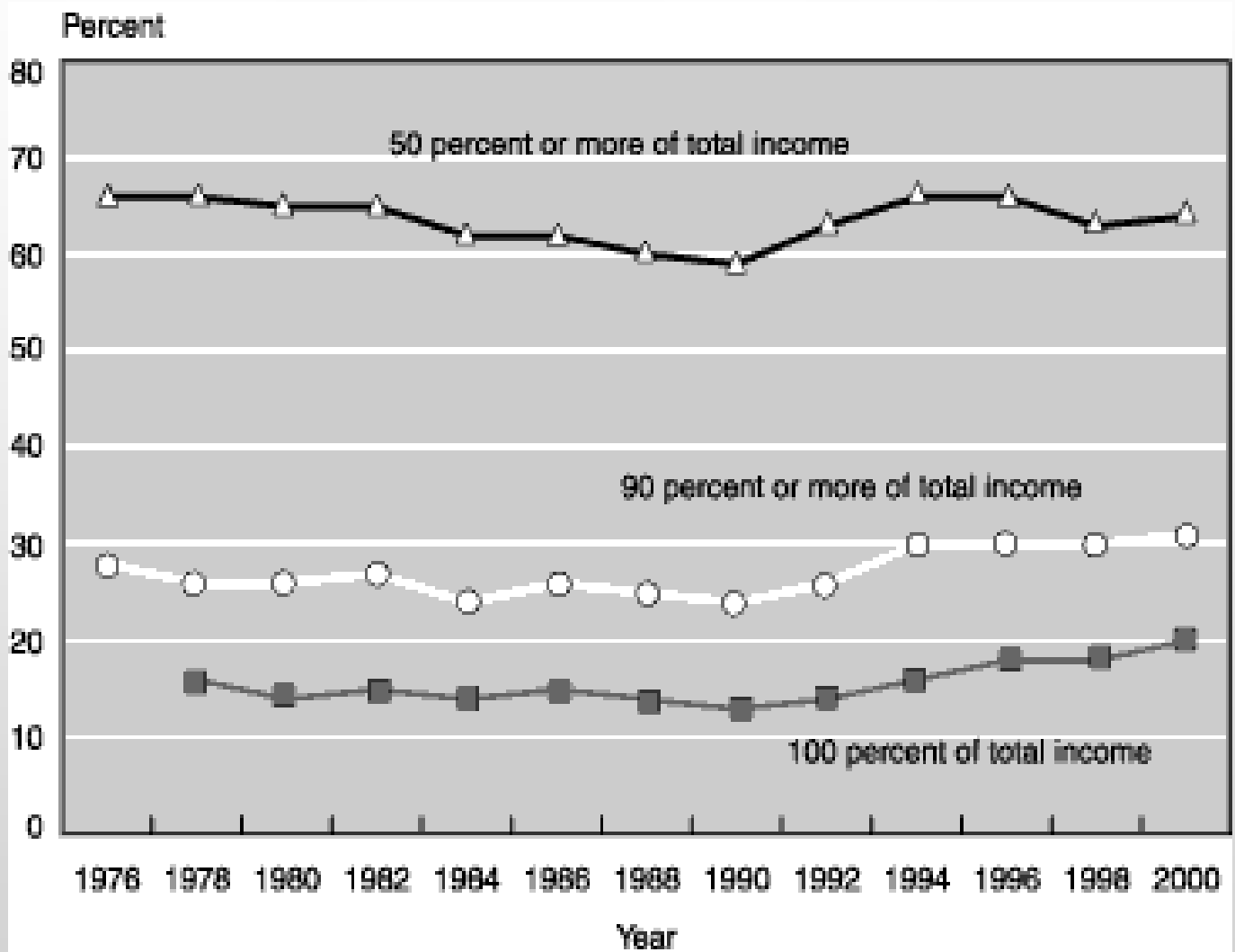
**UCLA Law School**

**March 30, 2005**



***“Forget about me. Save Social Security!”***

# Importance of Social Security Income to Elderly (65+)



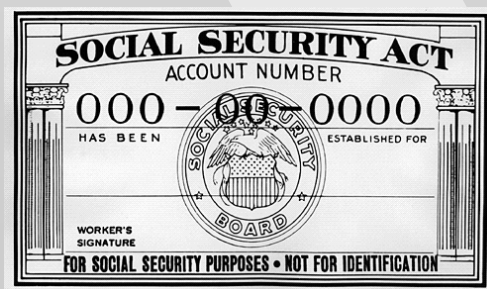
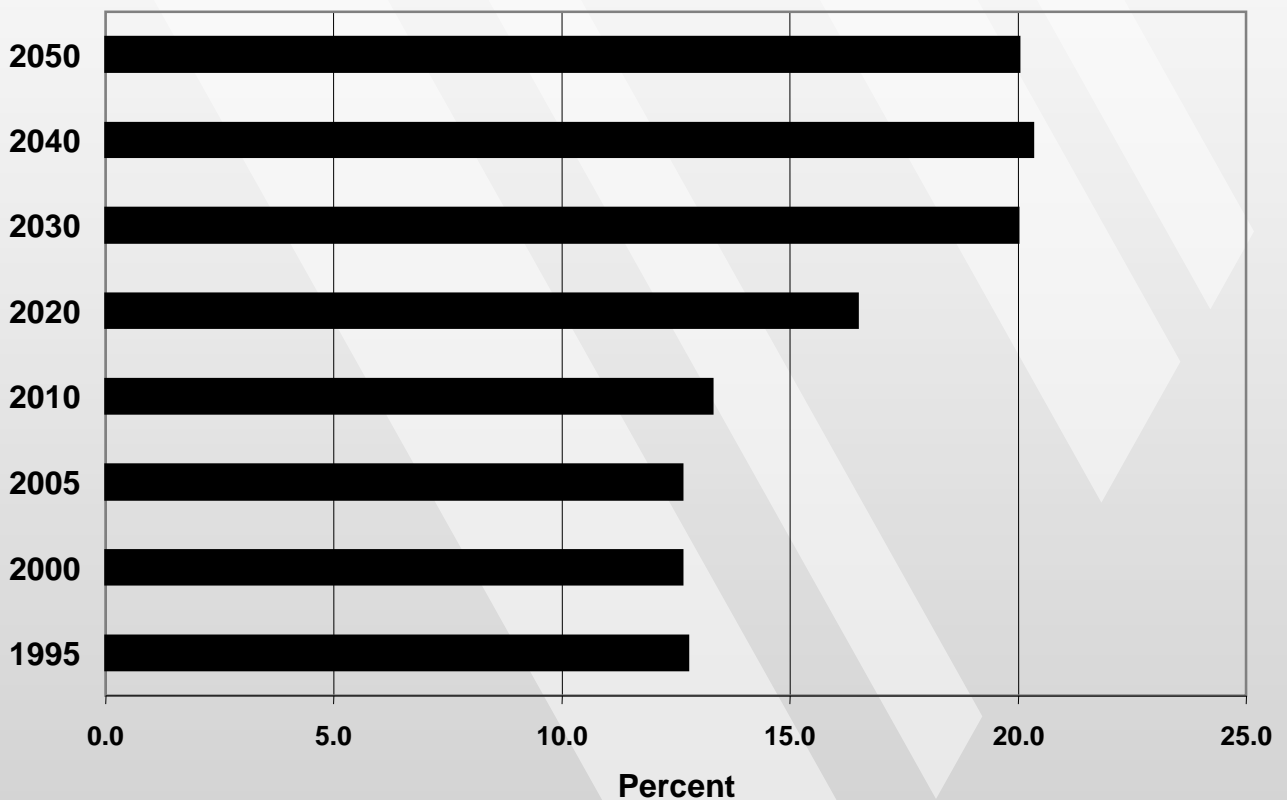
**Trends in the Economic Status of the Elderly, 1976-2000**  
*by Thomas Hungerford, Matthew Rassette, Howard Iams,  
and Melissa Koenig*

<http://www.ssa.gov/policy/docs/ssb/v64n3/v64n3p12.html>

# The boomers are coming!

# The boomers are coming!

**Percent of U.S. Population 65 and Over: Middle Projection**

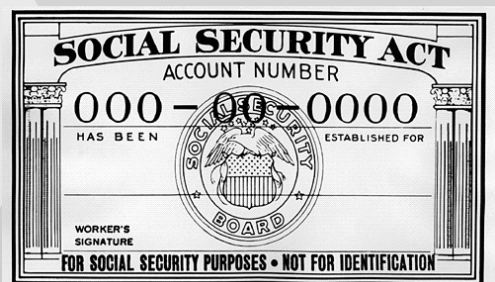
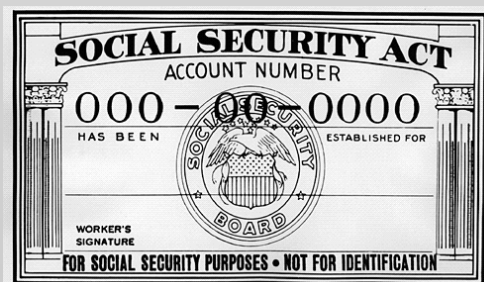




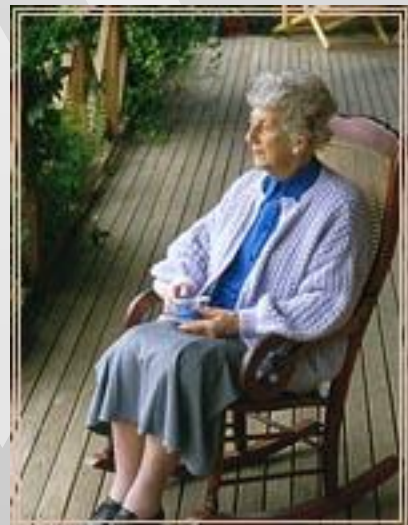
# ***Danger of current Social Security discussion***

- **You (or the trust fund) could earn more in the stock market**
- **There really is no trust fund**
- **There is a trust fund *but* the money is being spent on other things (the “lockbox” is being robbed)**

# **Conspiracy!**



# Dividing the Pie



# *Who Supports the Elderly?*



**Actuaries?**

**Trust funds?**

**Politicians?**

**Payroll taxes?**

**Private pensions?**



# ***Who Supports the Elderly?***



**Receipts from Social Security, private pensions, personal savings, relatives, etc., are simply consumption tickets. Consumption tickets do not make the pie bigger.**

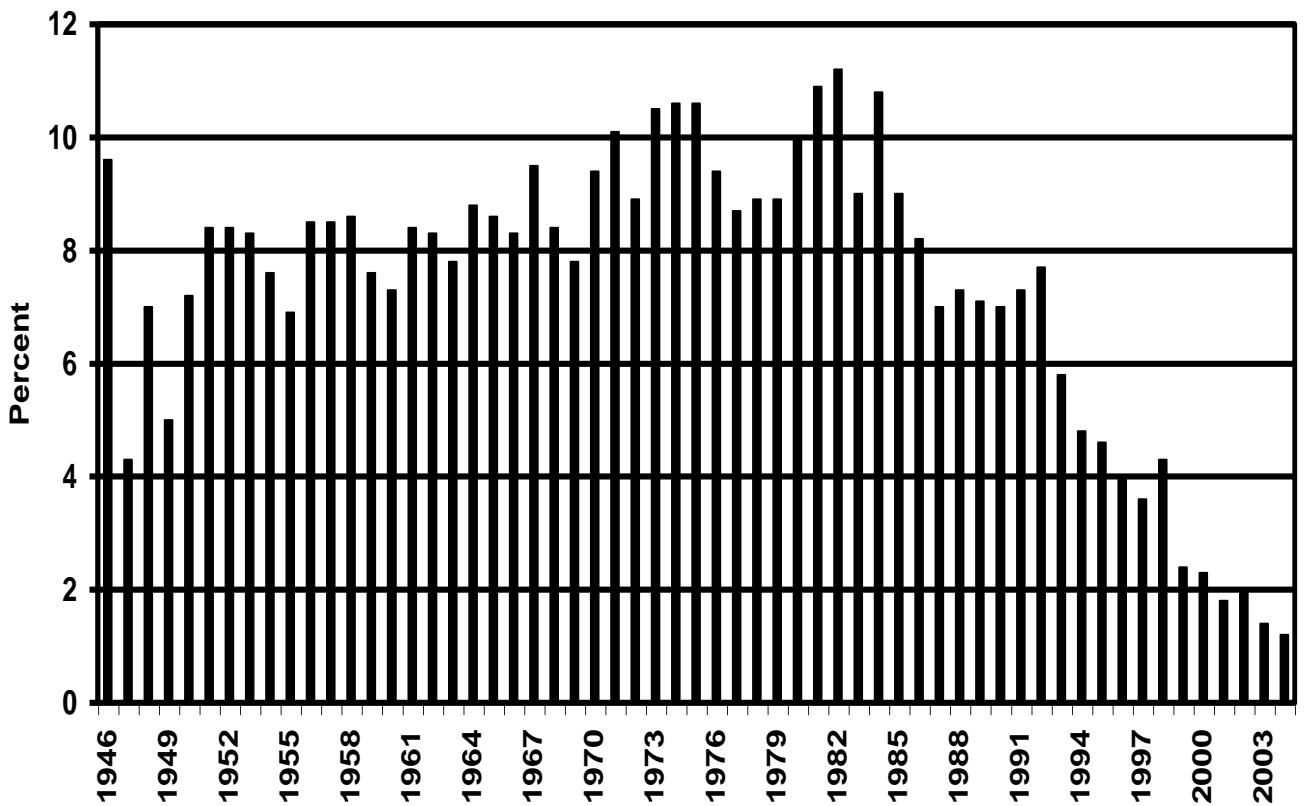


**Unless you make the  
pie bigger, giving one  
group a bigger slice  
means a smaller slice  
for some other group.**



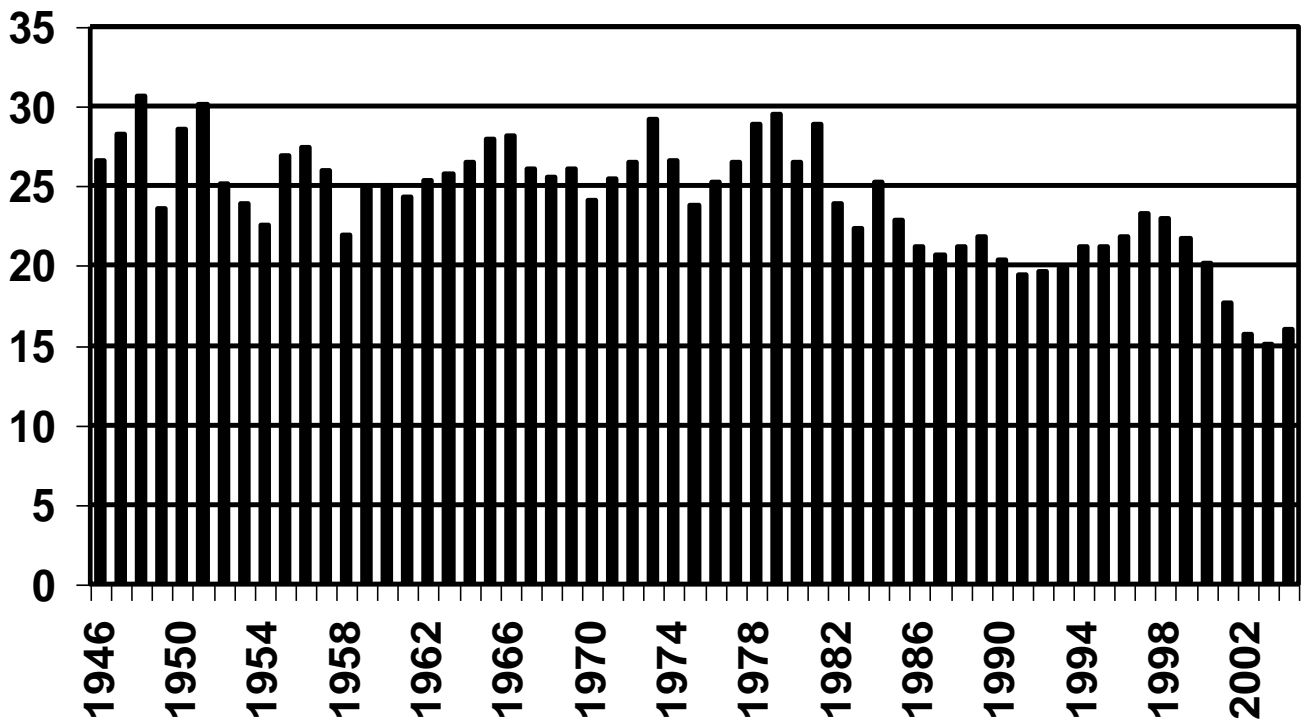
# Only known way to make future pie bigger is saving

Personal Saving Rate



# Only known way to make future pie bigger is saving

**Gross Saving as % of GDP**



**If you tell young people  
that if they pay the same  
payroll tax but part goes  
to private accounts, they  
will have more when they  
retire...**



**...is that likely to increase  
their rate of saving?**



**The only thing we learn  
from pension history...**



**...is that it leads to  
unforeseen and sometimes  
destabilizing future events**

L A Times A16  
1/20/03  
THE NATION

## Last Widow of Union Veteran Dies at Age 93

*From Associated Press*

BLAINE, Tenn. — Gertrude Janeway, the last widow of a Union veteran from the Civil War, has died in the three-room log cabin where she lived most of her life. She was 93.

Bedridden for years, she died Friday, more than six decades after the passing of the man she called the love of her life, John Janeway, who married her when he was 81 and she was barely 18.

"She was a special person," said the Rev. Leonard Goins, who officiated at her funeral Sunday. "Gertie, as she was called, had a vision beyond that [cabin] that kept her going. She never had any wavering or doubt in her salvation."

She was to be buried today near her husband's slender military tombstone at tiny New Corinth Church cemetery.

An honorary member of the Daughters of Union Veterans of the Civil War, Janeway was the last recognized Union widow. She received a \$70 check each month from the Veterans Administration.

Still alive is Confederate widow Alberta Martin, 95, of Elba, Ala.

Janeway once recalled getting married in the middle of a dirt road in 1927 with family and friends gathered around. Her husband bought her the cabin in 1932 and it was there that he died in 1937, at 91. "After he died, why it just seemed like a part of me went down under the ground with him."



**The only thing we learn  
from pension history...**



**...is that it leads to  
unforeseen and sometimes  
destabilizing future events**

**The only thing we learn  
from pension history...**



**...is that it leads to  
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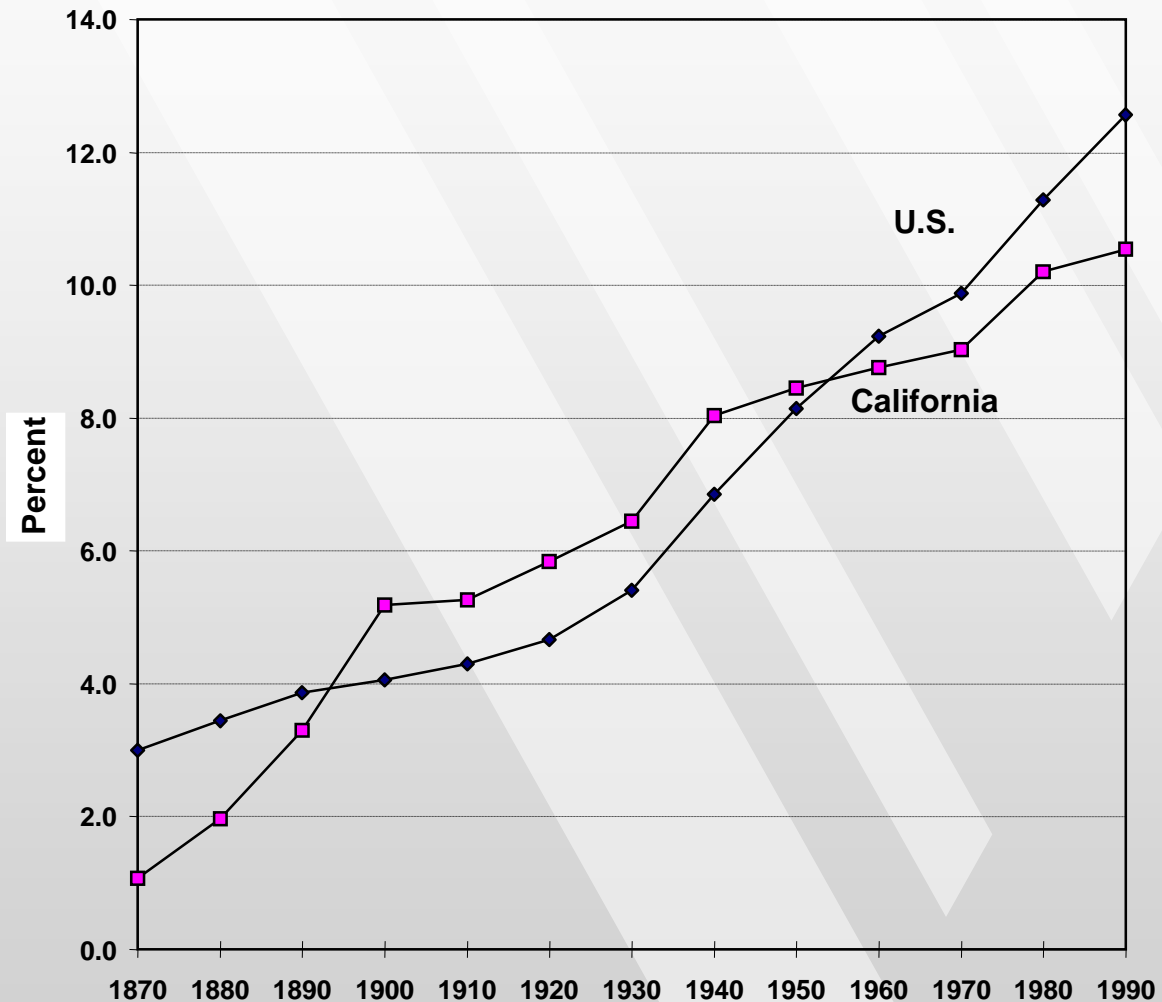
# **The only thing we learn from pension history...**



**...is that it leads to  
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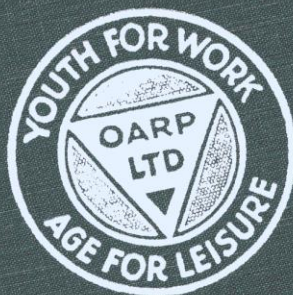
# *Learning from California history*

Percent Aged 65 and Over: U.S. vs. California



# PENSIONS POLITICS AND THE ELDERLY

Historic Social Movements  
and Their Lessons  
for Our Aging Society



Daniel J. B. Mitchell



# ***California Pensionite Movements***

**\$200 per  
month to  
everyone  
over age 60**

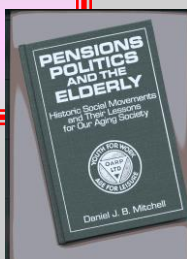


8. Gov. Frank E. Merriam (right) joining Townsend to help open the Townsend Plan's third annual convention. Held in the Los Angeles Coliseum June 20-23, 1938, the convention was attended by some 20,000 persons from all over the country.



**to be funded  
by a national  
transactions  
tax**

## **The Townsend Plan**

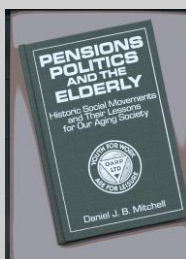




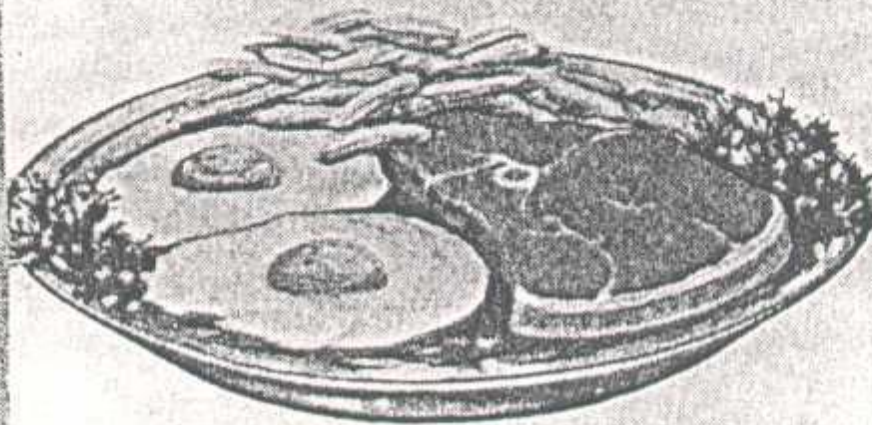


8. Gov. Frank E. Merriam (right) joining Townsend to help open the Townsend Plan's third annual convention. Held in the Los Angeles Coliseum June 20-23, 1938, the convention was attended by some 20,000 persons from all over the country.

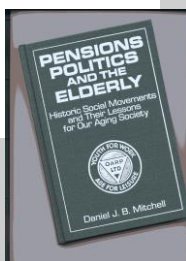
- **Secret FBI and postal investigations engineered by FDR administration**
- **Congressional investigation also engineered by FDR administration**
- **A third party drive in the 1936 presidential election**
- **The passage of Social Security**
- **Election of a Townsendite senator from California**



# *Ham and Eggs*



FOR CALIFORNIANS

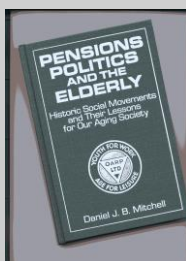




16. (Left to right) Roy G. Owens, Willis Allen, and Will H. Kindig in their main Los Angeles campaign headquarters on the night of November 6, 1939, the eve of the election in which their "\$30-Every-Thursdays" plan was rejected by California voters



Ham and Eggs sound truck, July, 1938. Courtesy, UPI/Corbis-Bettman.





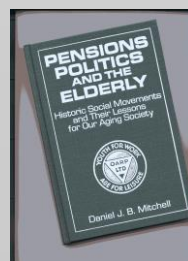
**\$30 Every Thursday  
for everyone over 50+  
to be funded by  
a new Calif. currency**

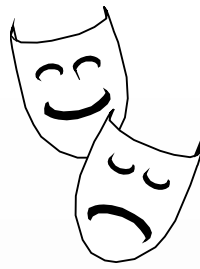


(Left to right) Roy G. Owens, Willis Allen, and Will H. Kindig in their main Los Angeles campaign headquarters on the night of November 6, 1939, the eve of the election in which the "\$30-Every-Thursday" plan was rejected by California voters

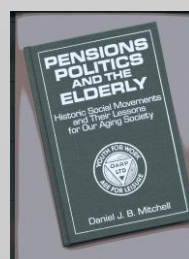
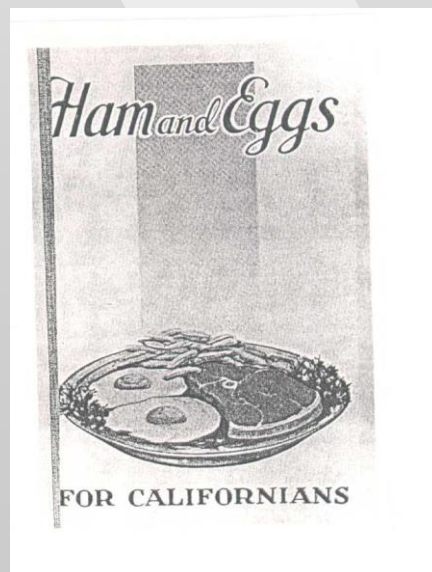


Ham and Eggs sound truck, July, 1938. Courtesy, UPI/Corbis-Bettman



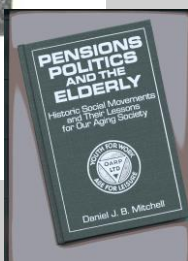


- ❑ **Forgery**
- ❑ **Mexican radio station**
- ❑ **Car bombing**
- ❑ **LAPD corruption**
- ❑ **Recall of LA mayor**
- ❑ **Election of Earl Warren as governor in 1942**





15. As governor of California, Warren liked to present his views directly to the people by means of regularly scheduled radio programs. (Courtesy Bancroft Library)

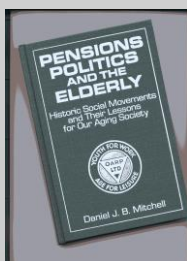




# **“Uncle” George McLain’s California Institute for Social Welfare and his 1948 ballot initiative**

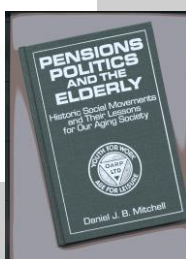
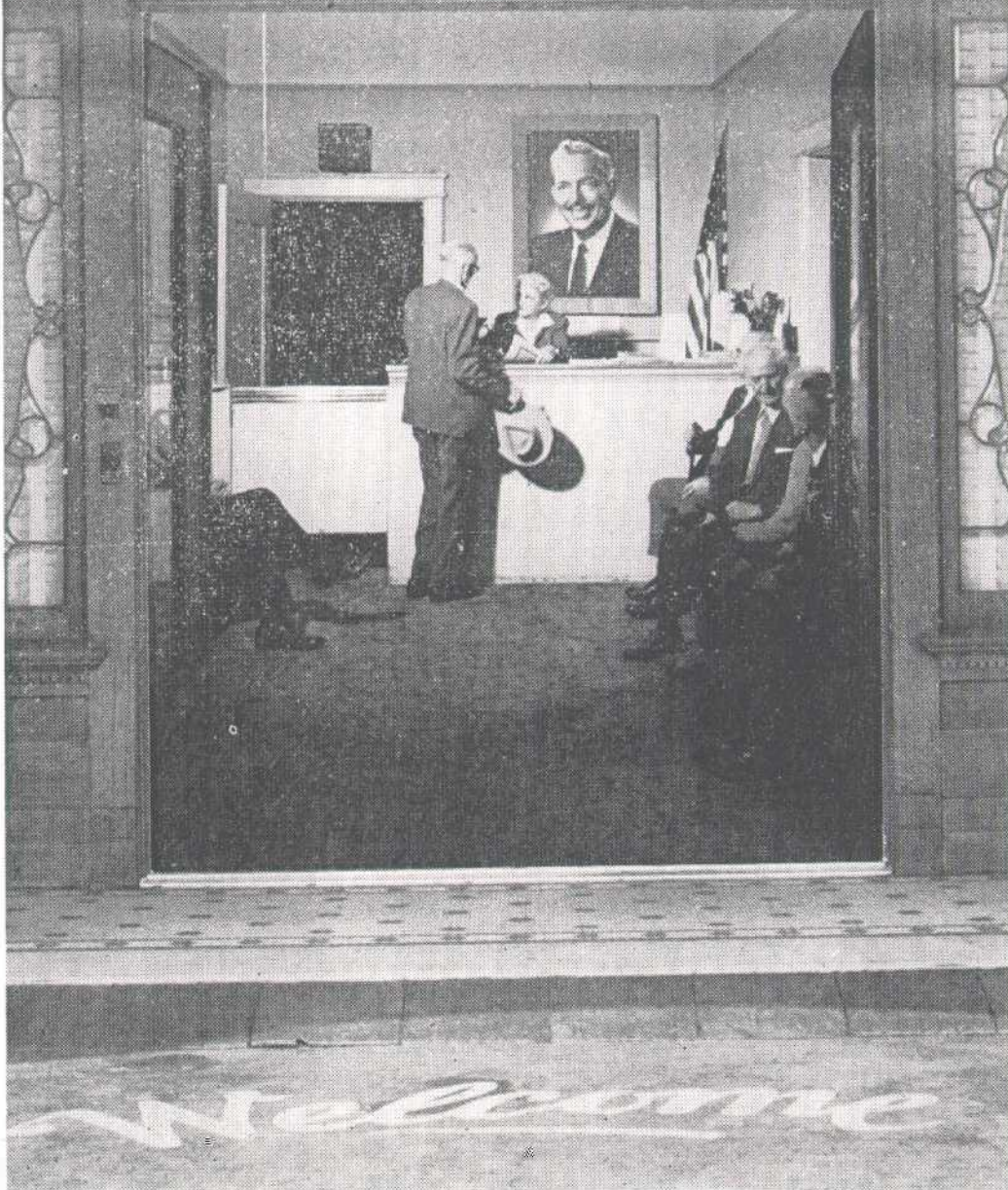


George McLain, Chairman, Board of Directors, California Institute of Social Welfare.



"THRU THESE PORTALS PASS THE BUILDERS OF A NATION... THEY SHALL NOT BE FORGOTTEN"....

1031



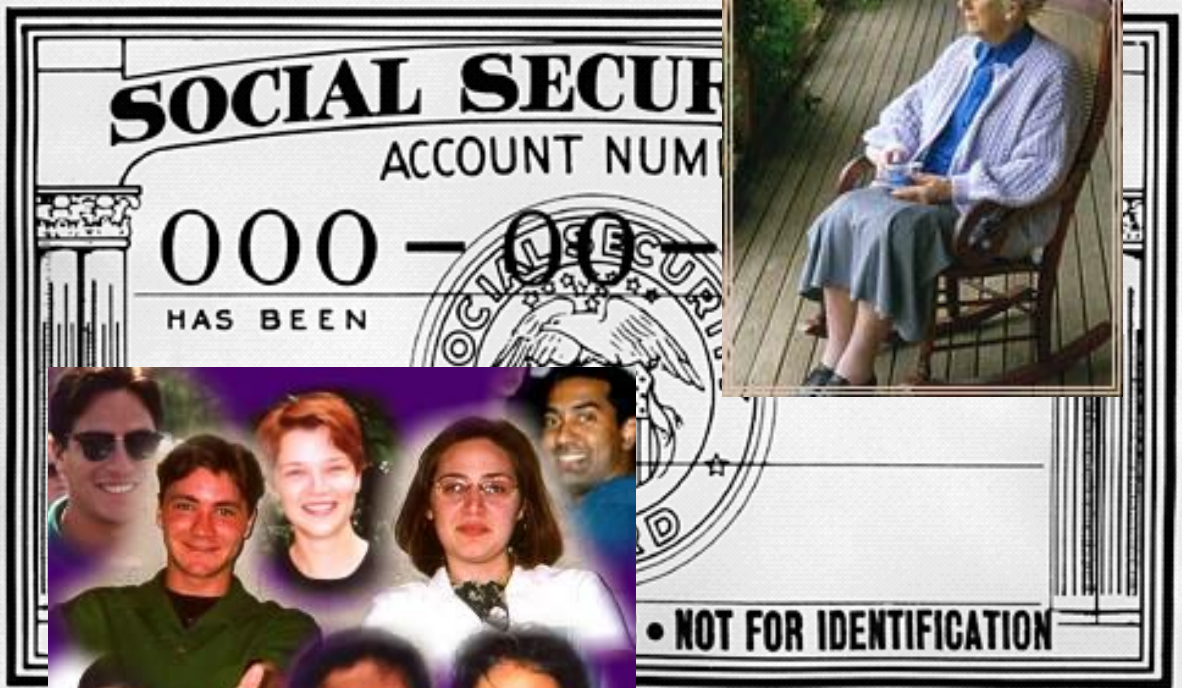


**“Let’s talk sense to the  
American people.”**

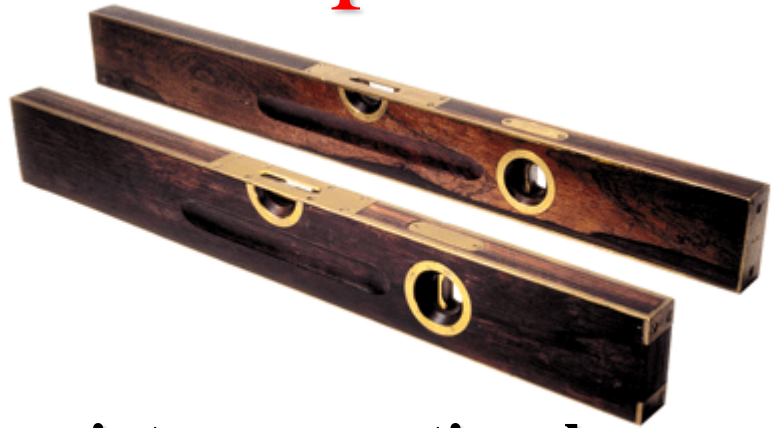


**Adlai Stevenson**

Time to Level With the  
American People



# Time to Level With the American People



- **Social Security is an inter-generational contract**
- **There will be a bulge in the elderly population as the boomers retire**
- **As a result, boomers are going to get (somewhat) less than promised...**
- **...and the younger generation will be paying out more than if there had not been an elderly bulge**
- **None of this has anything to do with trust funds, returns in the stock market, lockboxes, or private accounts**
- **Most “reform” proposals have little or no effect on the size of the pie**

**Unfunded liability of  
\$15-\$20 trillion!!!**



**Useless information**

# **The Santa Monica Police Dept. has an unfunded liability of...**



**...over \$5000 per  
resident!!!**



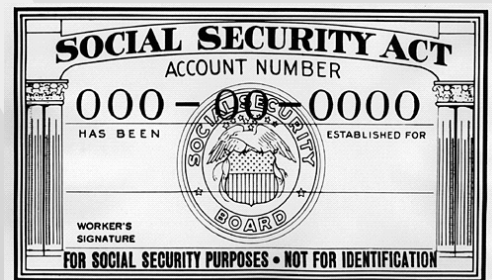
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